

Reversionary Copyright: A Ghost of the Past or a Current Trap to Assignments of Copyright?

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✉ Assignment; Choice of law; Copyright; Reversions; Spain

Abstract

Worldwide copyright assignments that contain a choice of law clause are the norm. National copyright laws in the United Kingdom and Spain do, however, contain provisions on reversionary copyright in their transition provisions. These provisions would, if applicable, terminate the assignment 25 years after the death of the author and hand the copyright back to the author's successors in title rather than the assignees. From a choice of law perspective this becomes a classification issue. This article argues that we are dealing with a transferability issue and that the issue cannot be classified as contractual. That puts numerous assignments at risk.

Introduction

Assignees of copyright may consider themselves to be the (exclusive) owners of the copyright that was assigned to them, especially if, as happens frequently, the assignment took the form of a worldwide transfer of the right for the (entire) duration of copyright. Hidden by now in the transition measures of national copyright acts various countries have a version of reversionary (copy) right though that can act as a real trap for the assignee. In practice any assignee that falls into the trap sees its assignment terminated 25 years after the death of the author and the author's successors in title, i.e. the heirs of the author, reclaim the copyright. This may have important consequences for the assignees that are caught unaware, as they will lose all title to and right in the work they are exploiting.

The trap exists in UK and in Spanish copyright law in a somewhat similar form, and this article will therefore look in detail at these two examples. It is fair to say, though, that many of the assignments concerned will not necessarily be governed by the local law, i.e. Spanish or English law respectively. There is therefore an important choice of law aspect to this issue and neither Spanish nor UK copyright law has explicitly dealt with it. But before we can look at the private international law aspect, we need to examine the trap itself in some detail.

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The trap provisions in UK and Spanish law

The UK trap

The roots of the trap are found in the Copyright Act 1911. It contained provisions¹ that significantly expanded the term of copyright. Looked at in combination with the option for the author to assign his or her copyright, a real risk of imprudent decisions by the author as the weaker party in copyright contracts emerged, and in order to counter the risk the legislature inserted into the 1911 Act a limitation on the power of the author to part with the copyright. Any assignment was to be terminated by the operation of the Act, and, irrespective of the terms of the contract, 25 years after the death of the author. If the assignment had purported to assign the copyright for a longer term than 25 years after the death of the author, the copyright reverted by operation of law to the heirs of the author. A reversionary copyright was created. The clear objective was to protect authors and their heirs from the consequences of the imprudent disposition of the fruits of their special talent and originality.²

It soon transpired, though, that the limitation was unable to achieve its objective. A reversionary copyright 25 years after the death of the author does little to protect the author and his or her heirs from imprudent assignments, and lets their effects continue and do harm until 25 years after the death of the author. In many cases the limitation amounts to nothing more than “too little, too late”.³ The relevant provision in the Copyright Act 1911 was therefore repealed by the Copyright Act 1956, but the transition measures stipulated that its effect would continue in respect of assignments entered into before the commencement of the Copyright Act 1956.⁴ Assignments entered into before June 1, 1957 are therefore still subject to the limitation, especially since the Copyright, Designs and Patents Act 1988 once again contained transition provisions that continued its application.

Paragraph 27 of Sch.1 to the Copyright, Designs and Patents Act 1988 set out the position as follows:

- “(1) Where the author of a literary, dramatic, musical or artistic work was the first owner of the copyright in it, no assignment of the copyright and no grant of any interest in it, made by him (otherwise than by will) after the passing of the 1911 Act and before 1st June 1957, shall be operative to vest in the assignee or grantee any rights with respect to the copyright in the work beyond the expiration of 25 years from the death of the author.
- (2) The reversionary interest in the copyright expectant on the termination of that period may after commencement be assigned by the author during his life but in the absence of any assignment shall, on his death, devolve on his legal personal representatives as part of his estate.
- (3) Nothing in this paragraph affects—
 - (a) an assignment of the reversionary interest by a person to whom it has been assigned,
 - (b) an assignment of the reversionary interest after the death of the author by his personal representatives or any person becoming entitled to it, or
 - (c) any assignment of the copyright after the reversionary interest has fallen in.
- (4) Nothing in this paragraph applies to the assignment of the copyright in a collective work or a licence to publish a work or part of a work as part of a collective work.
- (5) In sub-paragraph (4) ‘collective work’ means—
 - (a) any encyclopaedia, dictionary, yearbook, or similar work;
 - (b) a newspaper, review, magazine, or similar periodical; and

¹ In the proviso to Copyright Act 1911 s.52(2).

² See *Copinger and Skone James on Copyright*, 16th edn, edited by K. Garnett, G. Davies and G. Harbottle (Sweet & Maxwell, 2011), p.308.

³ See H. Laddie, P. Prescott, M. Vitoria, A. Speck and L. Lane, *The Modern Law of Copyright and Designs*, 3rd edn (Butterworths (2000), pp.882–884.

⁴ Copyright Act 1956 Sch.8 para.6 and Sch.7 para.28.

- (c) any work written in distinct parts by different authors, or in which works or parts of works of different authors are incorporated.”

This means in practice⁵ that the author of a literary, artistic, musical or dramatic work who was the first owner of the copyright in the work could not assign the copyright in the work (or grant an interest in it) before June 1, 1957 insofar as the assignment purported to grant right for the period beyond a term of 25 years after the death of the author. The relaxation that has been put in place by the transition measures does mean, however, that a further assignment made after June 1, 1957 can validly assign the copyright and also the reversionary right can be assigned through such a later agreement.⁶

There is a real risk that the beneficiary of an assignment for the life of the copyright that was concluded before June 1, 1957 is unaware of the fact that any rights he or she was supposed to own effectively terminated 25 years after the death of the author. One could be allowed to think, though, that all this is legal history. This is undoubtedly the case for some assignments, but the long duration of the term of copyright protection makes this provision still very relevant for many assignments. Suffice it to look at a hypothetical assignment dated in 1950 by an author aged 40, who lived for another 35 years. With the author dying in 1985 the assignment was terminated at the end of 2010. And the reversionary right of the heirs will still run for decades. The provision will therefore continue to operate for years to come as a trap for older assignments of copyright works that are still valuable and that are being exploited. And the case law demonstrates that there are still plenty of works around that have been assigned before June 1, 1957 that retain plenty of commercial value and interest in them.⁷ The provision remains therefore relevant in every sense.

The Spanish trap

The Spanish “trap” provision goes back to the Copyright Act 1879.⁸ Again, term extension is present in the context of the provision as the very same art.6 that fixes the term of copyright at life of the author plus 80 years and makes the copyright assignable stipulates that any assignment for a period going beyond a term of 25 years after the death of the author will terminate by operation of law at the end of that 25-year term. And it installs a reversionary copyright, as the copyright is passed to the heirs of the author for the remaining copyright term of 55 years.⁹ In 1987 a new law on intellectual property, Law 22/1987 of November 11, 1987,¹⁰ took over on December 7, 1987, but the transitory provisions of that law deny it retrospective effect on acquired rights¹¹ and go on to say that any contract concluded under the 1879 Act

⁵ A detailed analysis of the provision that goes beyond our current needs can be found in *Copinger and Skone James on Copyright* (2011), pp.308–315.

⁶ *Novello & Co Ltd v Keith Prowse Music Publishing Co Ltd* [2004] EWCA Civ 1776; [2005] R.P.C. 23.

⁷ See the Redwood Music saga in *Chappell & Co Ltd v Redwood Music Ltd* [1980] 2 All E.R. 817 HL; *Redwood Music Ltd v Francis Day & Hunter Ltd* [1978] R.P.C. 429 QBD; *Redwood Music Ltd v Chappell & Co Ltd* [1982] R.P.C. 109 QBD; *Redwood Music Ltd v B. Feldman & Co* [1979] R.P.C. 1 QBD; *Novello v Keith Prowse* [2004] EWCA Civ 1776, [2005] R.P.C. 23.

⁸ Ley de 10 de enero de 1879, de la propiedad intelectual, *Gaceta de Madrid* núm. 12 of January 12, 1879, <http://derecho-internet.org/node/365> [Accessed March 19, 2012].

⁹ Copyright Act 1879 art.6 reads as follows: “La propiedad intelectual corresponde a los autores durante su vida, y se transmite a sus herederos testamentarios o legatarios por el término de ochenta años. También es transmisible por actos entre vivos, y corresponderá a los adquirentes durante la vida del autor y ochenta años después del fallecimiento de éste si no deja herederos forzosos. Más si los hubiere, el derecho de los adquirentes terminará veinticinco años después de la muerte del autor, y pasará la propiedad a los referidos herederos forzosos por tiempo de cincuenta y cinco años.”

¹⁰ Ley 22/1987 de Derechos de autor of 11 November, BOE 275 of November 15, 1987.

¹¹ Transitory Provisions r.1.

will have its effect according to the terms of the 1879 Act.¹² And when the Royal Legislative Decree 1/1996 of April 12, 1996 recasts the Intellectual Property Act the same transitory provisions appear.¹³

Equivalently to what happens in English law, the ratio of these transitional provisions is to try to salvage the situation of inequality that has occurred with respect to the protection of copyright and that was caused by the advent of a law that introduced substantial changes to be far more generous to the authors and their heirs.¹⁴ Specifically, the text of the current rules provides:

“Primera. *Derechos adquiridos*. Las modificaciones introducidas por esta Ley, que perjudiquen derechos adquiridos según la legislación anterior, no tendrán efecto retroactivo, salvo lo que se establece en las disposiciones siguientes ...

Tercera. *Actos y contratos celebrados según la Ley de 10 de enero de 1879 sobre Propiedad Intelectual*. Los actos y contratos celebrados bajo el régimen de la Ley de 10 de enero de 1879 sobre Propiedad Intelectual surtirán todos sus efectos de conformidad con la misma, pero serán nulas las cláusulas de aquellos por las que se acuerde la cesión de derechos de explotación respecto del conjunto de las obras que el autor pudiese crear en el futuro, así como por las que el autor se comprometa a no crear ninguna obra en el futuro ...

Quinta. *Aplicación de los artículos 38 y 39 de la Ley de 10 de enero de 1879 sobre Propiedad Intelectual*. Sin perjuicio de lo previsto en la disposición anterior, a los autores cuyas obras estuvieren en dominio público, provisional o definitivamente, de acuerdo con lo dispuesto en los artículos 38 y 39 de la Ley de 10 de enero de 1879 sobre Propiedad Intelectual les será de aplicación lo dispuesto en la presente Ley, sin perjuicio de los derechos adquiridos por otras personas al amparo de la legislación anterior.”¹⁵

This leads to the inevitable conclusion that any assignment concluded before December 7, 1987 is affected by the provision and will by operation of law be terminated 25 years after the death of the author, and from that moment on the heirs of the author will benefit from a reversionary copyright. The fact that the cut-off dates for assignments that will be affected is three decades more recent than in the United Kingdom no doubt means that many more assignments will be affected and that the economic value of these assignments will be even more important. And many authors will still be alive, meaning that the provision will remain in operation for years to come; in some cases the reversionary copyright will only come into existence in more than 25 years from now. As these transitory provisions are well hidden and cast in

¹² Transitory Provisions r.5, which establishes the revival of the copyright to the benefit of the heirs in works that were in the public domain. See the judgment of the Spanish Supreme Court 963/2001 and 368/2001, and the judgment of the 3rd section of the Audiencia Provincial of Cantabria of September 9, 1997. On the transitional provisions, see also R. Bércovitz Rodríguez-Cano, “Comentario a la disposición transitoria quinta de la Ley de Propiedad Intelectual” in R. Bércovitz Rodríguez-Cano (ed.), *Comentarios a la Ley de Propiedad Intelectual*, 3rd edn (Tecnos, 2007), pp.2213–2216; and J.M. Rodríguez Tapia, *Comentarios a la Ley de Propiedad Intelectual*, (Thomson-Civitas, 2009), pp.972–974.

¹³ [1996] *Boletín Oficial del Estado* (BOE) 97, dated April 22, 1996; Real Decreto legislativo 1/1996, of April 12, 1996 (BOE 97, April 22, 1996), amended by Ley 5/1998, of March 6, 1998—incorporation of Directive 96/9 (BOE 57, March 7, 1998); Ley 1/2000 de Enjuiciamiento Civil of January 7, 2000 (BOE 7, January 8, 2000), Ley 16/2006 ampliación de medios de protección of July 5, 2006 (BOE 134, June 6, 2006); Ley 22/2003 concursal, of July 9, 2003 (BOE 164, July 10, 2003); and Ley 23/2006 of July 7, 2006 (BOE 162, July 8, 2006); Ley 3/2008, of December 23, 2008 (BOE 310, December 25, 2008); and finally, Ley 2/2011 economía sostenible of March 5, 2011 (BOE 55, March 5, 2011). Available at <http://civil.udg.es/normacivil/estatal/reals/Lpi.html#DT19> [Accessed March 19, 2012].

¹⁴ The Intellectual Property Act 1987 introduced the distinction between the powers based on the moral rights and those based on the author's economic rights; it recognised both of them and it deleted the constitutive character of the inscription in the intellectual property register. Also, it deleted the extinction rules of the Intellectual Property Act 1879.

¹⁵

“First. Acquired Rights. The amendments made by this Law that prejudice the rights acquired under prior law, will have no retroactive effect, except as provided in the following provisions ...

Third. Acts and contracts made under the Act of 10th January 1879 on Intellectual Property. The instruments and contracts entered into under the Act of 10th January 1879 on Intellectual Property shall be fully effective in accordance with it, but are void those clauses by which is agreed a transfer of exploitation rights of all the works that the author may create in the future, and those clauses by which the author undertakes to create no works in the future ...

Fifth. Application of Articles 38 and 39 of the Act of 10th January 1879 on Intellectual Property. Without prejudice to the foregoing, to the authors whose works had fallen in the public domain, temporarily or permanently, in accordance with Articles 38 and 39 of the Act of 10th January 1879 on Intellectual Property the provisions of this Act will be applicable, without prejudice to the rights acquired by others under the previous legislation.”

non-specific language, they will continue to surprise many assignees and right holders and they can therefore correctly be described as a trap.

However, one cannot fail to note that the third transitional provision relates to the acts and contracts “concluded under the regime” of the IPA of 1879¹⁶ and, for the validity of the legal business, the regulations implementing the IPA 1879 (Regulations of the LPI¹⁷) required (art.9) that any transfer of intellectual property rights be formalised in deed. The formal rigour now could harm the protection of the interests of the authors, already adversely affected by the formalism of the LPI 1789, which as we have seen, required the registration of authorship to avoid premature loss of rights and entry of the work in the public domain, and their heirs in case they were not able to prove that fact.¹⁸

Is there a private international law element involved?

Copyright assignments often contain an international element. Many of them purport to assign rights in more than one country and others assign rights to a foreign party. As in any contract the parties may chose the applicable law, which can be any law in the world. That leads to the question in which cases the respective trap provisions will apply. Private international law and choice of law in particular become highly relevant. What happens, e.g., when a Spanish author assigned the copyright in the United Kingdom and Spain in his work in 1955 for the duration of the copyright to a US media corporation and the parties explicitly agreed on the application of US law to the contract? Does the choice of US law avoid the application of either of the trap provisions? And if it does not, which of the trap provisions applies and on which basis? And what of a global assignment? Will the trap provisions apply and, if so, is their application limited to the UK and the Spanish copyright respectively?

Already at this early stage it becomes obvious that the classification issue will become vital. To which private international law category will the trap provisions, both as cause of action and question raised by the factual situation and as rule of law, be allocated? For choice of law purposes each such category has its own connecting factor that will lead to the applicable law. If one sees choice of law as a mechanical exercise, the term “classification”, reflecting that the issue or rule is placed in a category or box that comes with a connecting factor that determines the applicable law, is appropriate and it is the most commonly used term in English.¹⁹ The nature of the process is slightly more complex, though. The facts or rules concerned are varied in nature and in order to make the choice of law process under the private international law rules of the forum possible one needs to find their essential characteristics or qualities. Once the essence has been identified it becomes clear to which group or category in the private international law system of the forum they correspond best. That then leads via the connecting factor to the applicable law. In that sense the term “qualification” that is used in civil law²⁰ or the term “characterisation” that is also

¹⁶ See the judgments of the Spanish Supreme Court 14/2000 (First Civil Chamber) of January 24, 2000 and of the Audiencia Provincial of Madrid 668/2004 (Section 2), of October 14, 2004 and 48/2009 (Section 28) of March 6, 2009. See also M.C. Gete-Alonso y Caldera, “Comentario a la disposición transitoria quinta de la Ley de Propiedad Intelectual” in *Comentarios a la Ley de Propiedad Intelectual* (Tecnos, 2007), pp.2209–2212.

¹⁷ Royal Decree of September 3, 1880, by which was approved the Regulation for the Implementation of the Law of January 10, 1879 on Intellectual Property, *Gaceta de Madrid*, September 3, 1880. Literally, the text of art.9 provides: “Any transfer of intellectual property, whatever its importance, must be done in a public document that is recorded in the corresponding registry, without which the acquirer does not enjoy the benefits of the law” (“*Toda transmisión de la propiedad intelectual, cualquiera que sea su importancia, deberá hacerse constar en documento público, que se inscribirá en el correspondiente Registro, sin cuyo requisito el adquirente no gozará los beneficios de la Ley*”).

¹⁸ Judgment 927 of the TS (Spanish Supreme Court) of October 30, 1995 (First Civil Chamber). See Rodríguez Tapia, *Comentarios a la Ley de Propiedad Intelectual* (2009), pp.968–969.

¹⁹ Its use is based on the idea that the word “classification” is linguistically more correct in English than the word “qualification”. See W. Beckett, “The Question of Classification (‘Qualification’) in Private International Law” (1934) 15 *Brit. Y. B. Int. L.* 46.

²⁰ See, e.g., the founding pieces on the issue of qualification/classification: F. Kahn, “Gesetskollisionen: Ein Beitrag zur Lehre des internationalen Privatrechts” (1891) 30 *Jehring's Jahrbücher für die Dogmatik des Heutigen Römischen Privatrechts* 1; and E. Bartin, “De l'impossibilité d'arriver à la suppression définitive des conflits de lois” (1897) 24 *Clunet* 225.

found in English legal writings probably better reflect the nature of the exercise.²¹ For our current purposes, though, we can leave these theoretical considerations to one side.²²

If one classifies the trap provision as contractual there is a possibility that it forms part (only) of the law applicable to the assignment contract. A choice for a foreign law can therefore avoid the application of the trap provision. If on the other hand the trap provision is classified as relating to the copyright itself, rather than the contract transferring it, the law of the country for which protection is sought may apply and that would lead to the application of the UK trap provision in any case where copyright is claimed in the United Kingdom and of the Spanish trap provision whenever copyright is claimed in Spain.

Classification will become the key issue here in order to determine the law that applies to these “trap” provisions, and the distinction between the right on the one hand and the contract on the other takes centre stage in that context.

Copyright contracts

The trap provisions are mainly concerned with assignments, but they also cover in the United Kingdom any contract that transfers an interest in the right and the Spanish provision talks about the transfer (“*la propiedad intelectual ... es transmisible*”). Arguably, this excludes mere licences that allow the user to do something that comes within the exclusive right, such as a single performance of a play or a single copy of a literary work, but it may include exclusive licences as well as assignments. It would lead us too far to enter into more detail²³ on this point here. Suffice it to say, though, that contracts in relation to copyright differ slightly from those in relation to industrial property rights. As regards the latter, licences are the most common type of contract; whereas with copyright assignments are more common. This means that most contracts in relation to copyright contain two elements. First, there is the determination of the rights and duties of the parties and, secondly, there is the transfer of proprietary rights, i.e. the copyright or part of it. Both elements warrant separate attention in relation to choice of law. It must be emphasised, though, that the second aspect can be absent from certain copyright contracts in which there is only a non-exclusive transfer of rights. These contracts are pure licences, in the sense that they only authorise someone to do an act which would otherwise be an infringement. The rights of the copyright owner are unaffected in such a case and no transfer of proprietary rights is effected.²⁴ But of course for choice of law purposes one should always distinguish between what relates to the right and the contractual element, which encompasses each form of transfer.

Issues of classification

Our preliminary analysis points towards the presence of at least two elements, i.e. the (copy) right itself and the transfer of such right by means of the contract. The logical order in which to proceed is therefore to start with the right, as only in the presence of a (valid) right can there be a transfer. Copyright is not based on factual elements, such as the physical possession of material goods that provides a lead-in to property law and legal title to the goods. Instead, immaterial rights, such as copyright, are artificial legal creations. The obvious place to look for the right and which issues are classified for private international law purposes as falling within that category is therefore the copyright act of the respective country.

²¹ See E. Lorentzen, “The Qualification, Classification, or Characterisation Problem in the Conflict of Laws” (1940–41) 50 Yale L.J. 743.

²² See Cheshire, North and Fawcett, *Private International Law*, 14th edn (Oxford University Press, 2008), Ch.3 for more details in an English law context.

²³ See *Copinger and Skone James on Copyright* (2011), p.309; and R. Bercovitz Rodriguez-Cano (ed.), *Manual de Propiedad Intelectual* (Tirant Lo Blanch, 2009), pp.145–170 for the UK and Spain respectively.

²⁴ E. Ulmer, *Intellectual Property Rights and the Conflict of Laws* (Kluwer and Commission of the European Communities, 1978), pp.44–45.

Classification as referring to the right as such

The national copyright laws involved do not assist when it comes to private international law—the Spanish Royal Legislative Decree 1/1996 of April 12, 1996 that recasts the Intellectual Property Act deals entirely with substantive law.²⁵ And neither does the Copyright, Designs and Patents Act 1988 contain a true choice of law rule. Let us look at the UK example in a bit more detail. Section 1 immediately sets off to define the various types of work that will attract copyright protection. These are substantive rules, but a peculiar rule that is of interest to the choice of law analysis has been added to it. Copyright will, according to this rule, only be granted if the work also meets the qualification requirement,²⁶ either through the author or through the country of first publication. This means, in broad terms, that the work will be granted copyright protection if the author is a British citizen, domiciliary or resident, or if the work is first published²⁷ in Britain.²⁸ The system is then expanded to other countries, of first publication or of which the author is a national, etc., by means of an Order in Council.²⁹ This system addresses the point whether or not a work will be protected in the United Kingdom, but the statute does not determine which law will govern that protection. A work of a Belgian author that was first published in Belgium should be protected in the United Kingdom, but should that protection be governed by Belgian or by British copyright law? In terms of substantive rules, the United Kingdom's Copyright, Designs and Patents Act 1988 stipulates that “the owner of the copyright in a work has ... the exclusive right to do the following acts in the United Kingdom”.³⁰ It could be argued that such a system equally expects all other systems to restrain their territorial scope to the territory of their own country. Does this go further, though, than the scope of the protection? Can one derive indirectly from it a general choice of law rule? And if so, does it hint at which issues will qualify as referring to the right as such and coming within the scope of such a choice of law rule?

The Berne Convention, on which all this is based, sees qualification in a different light from private international law. Its rules on qualification simply determine whether or not a work qualifies for copyright protection under the international system, essentially either through first publication in a member or through the fact that the author is a national of such a Member State. Once the work and its author pass through the entrance door in this way they are entitled to national treatment. Article 5(2) then links such national treatment, according to which each Member State treats foreign authors in the same way as its own authors, to the absence of formalities and derives from it that the scope of protection and the means of redress are governed exclusively by the law of the country for which protection is sought. The term “consequently” suggests that the latter follows logically from the former, but this is not the case, at least not if the latter is supposed to be a genuine choice of law rule as we know it now. The Convention was based on a system of territoriality whereby copyright was segregated on a country-by-country basis. Works did not cross borders and exploitation of works happened entirely within the borders of each country, e.g. an author had a separate publisher for his or her literary work in each country. The national treatment rule then effectively eliminated the single remaining international element. The fact that the author was foreign was ignored and he or she was treated as if he or she was a national author. The consequence derived in art.5(2) from the national treatment rule is therefore not a choice of law rule, but a factual consequence. In a territorial system that works on a country-by-country basis and that ignores the international element, each country applies its single national law to a situation that has now become a purely domestic situation.³¹

²⁵ Real Decreto legislativo 1/1996, of April 12, 1996 (BOE 97, April 22, 1996).

²⁶ CDPA 1988 s.1(3).

²⁷ Or broadcast.

²⁸ See CDPA 1988 ss.153–162.

²⁹ For more detail on the classification rules, see *Holyoak and Torremans Intellectual Property Law*, 6th edn, edited by P. Torremans (Oxford University Press, 2010), Ch.11.

³⁰ CDPA 1988 s.16(1).

³¹ For an in-depth analysis see J.J. Fawcett and P. Torremans, *Intellectual Property and Private International Law*, 2nd edn (Oxford University Press, 2011), Ch.12. See also M.A. Amores Conradi and I. Heredia Cervantes, “Comentario a los artículos 163–167 de la Ley de Propiedad Intelectual”

The provision does not just grant national treatment, though; art.5(2) adds to this the additional substantive rights which are granted in the Convention itself. An exception to this minimal rights rule is formed by the level of protection in the country of origin of the works that originate there. Article 5(3) does not mention the additional substantive rights in relation to these works and, in general, their level of protection is left entirely to the domestic law of the country of origin. In practice, a second exception might arise in those countries, such as the United Kingdom, that do not give direct effect to international conventions, as individual parties will not be able to invoke the provisions in the Convention that grant them these additional substantive rights in the absence of national implementing legislation. With this in mind, we can now turn to the particular implications of this regime.³² Hence the territorial regime and the way it has been implemented nationally lead to the application of Spanish law, whenever an author and his or her work seek protection in Spain, be it by invoking copyright in order to exploit or to enforce the right. And when protection is sought in the United Kingdom, UK law will apply. In terms of private international law in a modern world where there remains an international element and where works are exploited across borders,³³ this boils down to a choice of law rule that leads to the law of the country for which protection is sought to the (copy) right itself.³⁴ Whereas the copyright laws of both Spain and the United Kingdom are silent on this point there is at least a basic provision in art.10.4 of the Spanish Civil Code according to which:

*“Los derechos de propiedad intelectual e industrial se protegerán dentro del territorio español de acuerdo con la ley española, sin perjuicio de lo establecido por los convenios y tratados internacionales en los que España sea parte.”*³⁵

The rights that are granted by the national laws that are implementing the Berne Convention are governed territorially by the law of each country for which protection is sought. In terms of classification the category of the “right as such” to which this choice of law rule applies includes issues such what constitutes a literary or artistic work,³⁶ as the Berne Convention restricts the international copyright regime to the protection of literary and artistic works. This involves the definition of the various categories of works, as well as the rules for the creation of the right. What is required before a copyright is created—e.g. will a certain level of originality be required? Once the copyright exists, the scope of the right will also qualify within this category. After all, the question that is answered here is what the right that is created means, what is its content, where does it start and where does it stop? That also involves any exceptions and limitations.³⁷

in *Comentarios a la Ley de Propiedad Intelectual* (2007), pp.2130–2160; and P.A. de Miguel Asensio, *Derecho Privado de Internet*, 4th edn (Thompson-Civitas, 2011), pp.792–795.

³² See Fawcett and Torremans, *Intellectual Property and Private International Law* (2011), Ch.12. See also Amores Conradi and Heredia Cervantes, “Comentario a los artículos 163–167 de la Ley de Propiedad Intelectual” in *Comentarios a la Ley de Propiedad Intelectual* (2007), pp.2130–2160; and De Miguel Asensio, *Derecho Privado de Internet* (2011), pp.792–795.

³³ Exploitation of copyright works on the internet is the obvious example, but also hard copies of books and CDs are produced and published or released in one place and then shipped around the globe.

³⁴ For a modern example see the new Belgian code on private international law, Wet van 16 juli 2004 houdende het wetboek van internationaal privaatrecht [2004] *Belgisch Staatsblad-Moniteur belge* 57344 (July 27, 2004) art.93. For an English translation see P. Torremans and C. Clijmans, “Belgien: Law of July 16, 2004, Holding the Code of Private International Law” [2006] *RebelsZ* 358.

³⁵ “Intellectual and Industrial Property rights shall be protected according to the provisions of Spanish law within the Spanish territory, without prejudice to the provisions of international conventions and treaties to which Spain is party.” See Amores Conradi and Heredia Cervantes, “Comentario a los artículos 163–167 de la Ley de Propiedad Intelectual” in *Comentarios a la Ley de Propiedad Intelectual* (2007), pp.2160–2165.

³⁶ In a wide-ranging approach that can be used as a first starting point, C. Von Bar, “Kollisionsrecht, Fremdenrecht und Sachrecht für international Sachverhalte im Internationalen Urheberrecht” (1988) 108 *UFITA* 27 refers, for the creation of the right, the scope of the right and the duration of the right, to the law of the country where the right has been used, which is also the approach of the Austrian Private International Law Statute and which effectively boils down to the law of the country for which protection is sought.

³⁷ For an in-depth analysis see Fawcett and Torremans, *Intellectual Property and Private International Law* (2011), Ch.13.

Term of protection

Another issue that classifies as part of the “right as such” category is that of the term of copyright protection. The essence of a term of protection is that the right is not eternal and ends at some stage. Looking at term of protection in determining the moment of the termination of the right makes it clear that this is also an aspect of the scope of the right.

This issue is important in practice because the Berne Convention only sets out a minimum term of protection of life of the author plus 50 years.³⁸ Member States are free to introduce longer terms of protection into their legislation. The European Union countries have used this flexibility to introduce a term of protection of 70 years after the death of the author as a general rule, although other shorter terms of protection apply to some categories of works.³⁹ The Copyright, Designs and Patents Act 1988⁴⁰ has introduced the term of 70 years after the death of the author for literary, dramatic, musical and artistic works⁴¹ and, for example, for films⁴² while a 50-year term from publication⁴³ applies to sound recordings⁴⁴ and a 50-year term from the making of the broadcast applies to broadcasts.⁴⁵ The term of protection could thus be different depending on which law is applicable, especially if one looks among all Berne Convention Member States rather than exclusively inside the European Union.

The question of which law should be applicable to the issue of the termination of copyright becomes easier to answer when it is considered that what is really involved is the term of copyright, and that the question can be reformulated as meaning: for how long is the exclusive right created? Looking at it this way, it seems logical to opt for the same applicable law as the one that is applicable to the creation issues. The law of the protecting country will therefore govern the duration and the termination of the right.⁴⁶ This solution also fits in well with the public policy idea that the country that authorises a restriction on competition may only wish to do so if its legislation can also determine the length in time of the restriction.

One special situation should be looked at in more detail. The Berne Convention restricts the length of the term of protection which Member States’ legislation grants to foreign works to the term granted in the country of origin of the work, but it also gives Member States the option to deviate from this rule.⁴⁷ The United Kingdom has decided, in application of the Directive, to impose such a restriction on the length of the term of certain works. The restriction applies to works, the country of origin⁴⁸ of which is not a Member State of the European Economic Area⁴⁹ and the author of which is not a national of such a Member State.⁵⁰ Article 163.4 of the Spanish Intellectual Property Law 1996 adopts the same approach. The term of protection is, initially, still governed by the law of the protecting country. But the substantive rule only imposes a maximum length of the term of protection that is equal to that granted to domestic works. The specific length of the term of copyright protection for such works is then referred back to the term granted by the law of the country of origin.

³⁸ Berne Convention art.7(1).

³⁹ In general, see Directive 93/98 harmonising the term of protection of copyright and certain related rights [1993] OJ L290/9, now codified as Directive 2006/116 on the term of protection of copyright and certain related rights [2006] OJ L372/12.

⁴⁰ CDPA 1988 ss.12 to 15A.

⁴¹ CDPA 1988 s.12(2).

⁴² CDPA 1988 s.13B(2).

⁴³ Or from the end of the calendar year in which the recording was made if the recording was not published during that period or in the absence of publication being performed in public or communicated to the public; see CDPA 1988 s.13A(2)(a) to (c).

⁴⁴ CDPA 1988 s.13A(2).

⁴⁵ CDPA 1988 s.14(2).

⁴⁶ See also art.34(1)(1) of the Austrian Private International Law Statute, which contains the same rule; H. Schack, “Urheberrechtsverletzung im internationalen Privatrecht” [1985] GRUR Int 523.

⁴⁷ Berne Convention art.7(8).

⁴⁸ The first (country of origin) limb of the rule has not been retained in relation to sound recordings and broadcasts.

⁴⁹ The areas of co-operation between the EU and the EFTA countries include intellectual property. The EU zone could, therefore, be expanded to the EEA zone.

⁵⁰ See CDPA 1988 ss.12(6), 13A(4), 13B(7) and 14(3).

France has used the option left open by the Berne Convention in a similar way. The Court of Appeal in Paris ruled that a series of American Buster Keaton films that were no longer protected by copyright in their country of origin, the United States, were not entitled to copyright protection under the law of the protecting country, France. The films were not entitled to the normal longer French term of protection, because they were no longer in copyright in the country of origin, and continuing copyright protection in the country of origin is a prerequisite for protection in France.⁵¹

The term of copyright and the link it provides with classification as part of the “right as such” may turn out to be particularly relevant when it comes to the classification of the trap provisions. Both trap provisions seem to affect the duration of certain rights and more importantly they were historically created in the context of the extension of the term of protection offered by copyright. Both of them can be seen as offering some safeguard in that context. Maybe they can therefore be classified as relating to and affecting the term of copyright and therefore also the “right as such” for the purposes of choice of law. We will return to this point at a later stage in the analysis.

The transferability of the (copy) right

We are not concerned here with the actual transfer of the right. Before a transfer of a right enters the picture, there is a preliminary issue which needs to be addressed. This is the issue of whether the right can be transferred in the first place. Does the issue of the scope of the right which is granted also include the issue of whether the right holder is able to transfer the right to another party? Once more, the statutory provisions remain silent on this point.

This transferability issue is linked with the grant of the right, rather than with the transfer of the right by means of a contract. Transferability and assignability are closely linked to the issue of what can be assigned, for example pecuniary rights and moral rights or pecuniary rights only, and with the scope of the right.⁵² It would clearly not be desirable to apply the law of the contract to it and allow the parties to choose a law which allows the transfer of the right at their convenience. It is therefore submitted that the issue of transferability should be governed by the law which governs the creation and the scope of the right.⁵³ Transferability should be classified as part of the “right as such”. It is an aspect of the “right as such”, as an artificial statutory creation, whether the copyright can be transferred or not. The choice of law rule should thus result in the application of the law of the country for which protection is sought.⁵⁴ This solution has been approved in *Campbell Connelly & Co Ltd v Noble*.⁵⁵ In this case, the proper law of the contract (English law) was de facto applied to determine whether the contract had validly transferred the copyright in a popular tune, but only after the assignability issue had been determined under the law of the protecting country (US law). Whether the US copyright could be assigned had to be decided as a preliminary point and that issue was governed by the law of the protecting country.⁵⁶

The issue of transferability assumes practical importance owing to the fact that some legal systems allow for the transfer of the copyright itself, while others do not. For example, the United Kingdom’s

⁵¹ Judgment of April 24, 1975 of the Cour d’Appel de Paris, *SA Galba Films v Friedman, Sàrl Capital Films, Pernot and Société Les Films La Boétie* (1975) 83 RIDA 106; the decision was appealed unsuccessfully in the French Cour de Cassation: see judgment of December 15, 1975, *Léopold Friedman v SA Galba Films* (1976) 88 RIDA 115, annotated by Françon.

⁵² Th. M. De Boer, “Aanknoping in het internationaal auteursrecht” (1977) 5412 WPNR 674, 707.

⁵³ See in more detail Fawcett and Torremans, *Intellectual Property and Private International Law* (2011), Ch.13; and P.A. de Miguel Asensio, “Bienes inmateriales, Derecho de la competencia y responsabilidad extracontractual” in J.C. Fernández Rozas, R. Arenas García and P.A. de Miguel Asensio, *Derecho de los negocios internacionales*, 3rd edn (Iustel, 2011), pp.130–140.

⁵⁴ Contra: H. Schack, *Zur Anknüpfung des Urheberrechts im internationalen Privatrecht* (Duncker & Humblot, 1979) and H. Schack, “Urheberrechtsverletzung im internationalen Privatrecht” [1985] GRUR Int 523, who argues that the law of the country of origin should govern this issue, because that would mean that the same law applied in every jurisdiction and this would facilitate the worldwide commercial exploitation of copyright works. It is submitted that this suggestion is to be rejected as not feasible, as the issue of assignability is strongly linked with the public policy of each country.

⁵⁵ *Campbell Connelly & Co Ltd v Noble* [1963] 1 W.L.R. 252 Ch D at 255.

⁵⁶ A similar result was reached in an American case in which the law of the contract was Brazilian law; see *Corcovado Music Corp v Hollis Music* 981 F.2d 679 (2d Cir. 1993).

Copyright, Designs and Patents Act 1988 allows the transfer of copyright,⁵⁷ while the German *Urhebergesetz* rules out any such transfer. The German Act only provides the opportunity to grant licences to carry out some form of activity which would otherwise have amounted to copyright infringement. In contrast, the view is held, almost unanimously, that moral rights are not transferable, and so no choice of law problem arises.⁵⁸

Up to now, we have been concerned primarily with the transfer of the right by contract during the lifetime of the right holder. Similar problems arise, though, after the death of the author. These are of less practical importance in terms of private international law. This is because the rules in the various legal systems are very similar in this respect and allow for the transfer of copyright and moral rights by testamentary disposition. In the absence of a will, a statutory transfer regime is, generally, provided for.⁵⁹ But once more a distinction is to be made between the transferability which is governed by the *lex protectionis*⁶⁰ and the will and actual succession issues that are classified differently and see the application of another applicable law depending on the approach taken in each country.⁶¹

In the final analysis, there is no reason not to apply the law of the protecting country to the issue of transferability of rights, regardless of the situation in which it arises.⁶² Several national courts have effectively adopted such an approach.⁶³

The boundaries of the issue need to be taken into account, though. Assignability is restricted to the question whether or not the right can be assigned. Whether and under what conditions a transfer or assignment occurred is a matter for the law of the contract, if the law of the protecting country allows the principle of an assignment or a transfer of right.⁶⁴ This approach was followed by the Court of Appeal in Paris in *Anne Bragance v Olivier Orban and Michel de Grèce*.⁶⁵ The contract between Anne Bragance, who had helped Michel de Grèce with the writing of his book, and the latter was governed by US (New York) law and included a transfer of all aspects of copyright to Michel de Grèce. This included both the moral and the pecuniary aspects of copyright. Owing to the publication of the book in France, French law was the law of the protecting country. The French court ruled that moral rights are not assignable under French law and it was therefore impossible for the contract and the law of the contract to transfer these rights effectively. Pecuniary rights are, on the contrary, assignable under French law and the assignment was valid under the law of the contract.⁶⁶ In practical terms, the outcome of the case was as follows. Anne Bragance gained the right to be identified as an author on every (French) copy of the book, but she did not gain any further pecuniary compensation, as she had effectively assigned all her pecuniary rights.

Again the link between transferability and classification as part of the "right as such" is particularly relevant for the trap provisions and their classification for choice of law purposes. The safeguard put in place by the trap provisions is an automatic termination of the assignment 25 years after the death of the

⁵⁷ See CDPA 1988 s.90(1).

⁵⁸ See, e.g., CDPA 1988, s.94 in the UK and art.113.1 of the Spanish Intellectual Property Law 1996.

⁵⁹ See, e.g., for the UK, CDPA 1988 ss.90(1) and 95 and for Spain art.113.3 of the Intellectual Property Law 1996.

⁶⁰ See in a moral right context in France the *Giacometti* case that went all the way to the Supreme Court, *L.P. v B.G.*, Court of Appeal Paris (first chamber), judgment of September 23, 1997 (1998) 176 RIDA 418; confirmed by the judgment of July 6, 2000 of the Cour de Cassation (first civil chamber), *Mrs Lisa Palmer v Roland Dumas q.q., B. Giacometti* [2001] R.C.D.I.P. 329.

⁶¹ See, e.g., Cheshire, North and Fawcett, *Private International Law* (2008), Ch.32.

⁶² See *Campbell Connelly* [1963] 1 W.L.R. 252 at 255.

⁶³ See in Germany the judgment of the Bundesgerichtshof of October 2, 1997 in the *Spielbankaffäre* case [1998] GRUR Int 427; Oberlandesgericht Munich (6th Civil Senate), judgment of January 10, 2002 [2002] MMR 312, [2003] ZUM 141; Oberlandesgericht Düsseldorf (20th Civil Senate), judgment of April 24, 2007 [2007] ZUM-RD 465; in the UK *Campbell Connelly* [1963] 1 W.L.R. 252 and *Peer International Corp v Termidor Musical Publications* [2004] Ch. 212 CA (Civ Div); in the US *Corcovado Music* 981 F.2d 679 (2d Cir. 1993); in Spain the Spanish Supreme Court (TS, Tribunal Supremo) judgment 765/2000 (Civil Chamber) of July 17, 2000; and in France *Anne Bragance v Olivier Orban and Michel de Grèce*, judgment of February 1, 1989 of the Cour d'Appel de Paris (1989) 142 RIDA 301.

⁶⁴ See J. Ginsburg, "Conflicts of Copyright Ownership Between Authors and Owners of Original Artworks: An Essay in Comparative and International Private Law" (1993) 17 *Columbia-VLA Journal of Law and the Arts* 395, 408.

⁶⁵ *Anne Bragance*, Judgment of February 1, 1989 of the Cour d'Appel de Paris (1989) 142 RIDA 301.

⁶⁶ The public policy argument that was invoked in relation to moral rights was not invoked in relation to pecuniary rights, even if the specific arrangement would not have been permissible under French law. See Ginsburg, "Conflicts of Copyright Ownership Between Authors and Owners of Original Artworks" (1993) 17 *Columbia-VLA Journal of Law and the Arts* 395, 414.

author and a reversionary copyright for the heirs of the author that is created when the termination kicks in. Maybe the correct way of looking at the issue is to argue that in the context of an expansion of the term of copyright the safeguard for the author limited the transferability of the copyright. Transferability ends 25 years after the death of the author or the right is only transferable insofar as the purported transfer does not exceed the term of life of the author plus 25 years, depending on the way one prefers to put it. Once again, we will return to this point at a later stage of the analysis, as the actual transfer (i.e. the assignment in most cases) is another important aspect of the overall picture without which the trap provisions cannot operate, and it is to these contracts and their private international law implications that we now turn.

A contractual classification

Let us thus consider the transfer of proprietary rights, here in the context of copyright. Here, the non-contractual issues have to be separated from the contractual ones. The law applicable to most non-contractual issues is the law of the protecting country. It is worth listing briefly once more some of the items that fall within this category. First of all, and as has been seen above, the issue of whether or not a copyright is assignable in whole or in part is covered. This also includes the related issue of whether exclusive or non-exclusive rights to exploit a copyright work may be granted. A second issue that is covered is whether or not grantees of exclusive rights are independently entitled to remedies in the case of copyright infringement by third parties and in which cases, if at all, an assignment or grant of rights is, in principle, effective against third parties that have subsequently been assigned or granted conflicting rights by the author or his successor in title. These issues come on top of the issues that determine the scope of the right that will form the object of the transfer. What is left is the determination of the rights and obligations of the parties inside the framework and borderlines that are provided by the non-contractual provisions of the law of the country for which protection is sought.⁶⁷ These contractual aspects are governed by the Rome I Regulation. The starting point here is art.3 of the Rome I Regulation. The parties are free to determine the applicable law. That route presents no problems and the choice of the parties is, normally, respected.

The distinction between the right as such and transferability on the one hand and the contractual aspect, i.e. the determination of the rights and duties of the parties and the transfer of proprietary rights on the other hand, has been recognised by the English courts. In *Campbell Connelly v Noble*, the High Court had to determine whether the agreement by which the world rights in the song "The Very Thought of You" had been assigned to a British music publisher by the British composer of the song also covered the renewal of copyright in the United States. The court distinguished between, on the one hand, the question whether and under which circumstances the renewal of copyright could be assigned, which was governed by the law of the protecting country, i.e. US copyright law, and, on the other hand, the interpretation of the contract as to whether the renewal of copyright was included among the rights that were given to the music publisher. The latter issue was decided under the law of the contract, i.e. in that case English law.⁶⁸ The determination of the rights and duties of the parties and the actual transfer of proprietary rights have therefore been classified as contractual issues.

The choice of law rules of the Regulation for these contractual issues may lead to the application of any law, even if that is not the law of a Member State.⁶⁹ The applicable law will, in particular, govern the interpretation of the contract, the performance of the contractual obligations, the various ways of

⁶⁷ The distinction between the right and the contract is also set out very clearly in this context by T. Azzi, *Recherche sur la loi applicable aux droits voisins du droit d'auteur en droit international privé* (LGDJ, Vol.425 Bibliothèque de droit privé series, 2005).

⁶⁸ *Campbell Connelly* [1963] 1 W.L.R. 252; see also the German decision of the Oberlandsgericht München of April 29, 1954, published in E. Schulze, *Rechtsprechung zum Urheberrecht*, Vol.V, No.8, annotated by Ulmer. For a Spanish example see Spanish Supreme Court (TS, Tribunal Supremo) judgment 765/2000 (Civil Chamber) of July 17, 2000.

⁶⁹ Rome I Regulation art.2.

extinguishing these obligations and the issues of the prescription and limitation of actions. The applicable law will also govern the consequences of any breach of a contractual obligation, but this will be done within the limits of the powers conferred on the court by its procedural law. The consequences of any breach will include the assessment of damages in so far as it is governed by rules of law.⁷⁰ The Regulation offers two options. Article 3, which was already referred to, allows the parties to choose the applicable law and art.4 then provides the fall-back position in case the parties do not express a choice and determines the applicable law in the absence of choice.

The applicable law is chosen by the parties

The Rome I Regulation contains in art.3 the same starting point as the Rome Convention 1980, i.e. the freedom of the parties to choose the law applicable to the contract, a principle that is recognised internationally. This rule applies equally to licences and assignments of intellectual property rights and to all other contracts in relation to industrial property and copyright.⁷¹ So, in the situation where the parties make an express or implied choice of law this choice prevails and no other choice of law problem remains unsolved.⁷² The parties are free to choose any law.⁷³ The applicable law does not need to have a particular connection with the contract. The parties are also free to make alternative choices of law.⁷⁴

According to art.3 of the Rome I Regulation, the parties can, first of all, choose the applicable law by making an express choice of law. Such an express choice of law is clearly present if the contract stipulates, for example, that it is "subject to" or "governed by" a particular law or that it is "to be construed in accordance with" a particular law. Whether a specific clause amounts to an express choice of law is a matter of interpretation.⁷⁵ This matter should be looked at from a Regulation based approach, i.e. with their specific aims and approach in mind.

In the absence of an express choice, art.3 allows the choice of the parties to be demonstrated by the terms of the contract or the circumstances of the case. Such a choice has to be demonstrated clearly.⁷⁶ The intention of the parties is a vital element in this respect. The court will, in the light of all the facts, have to decide whether the parties have made a real choice of law without expressly stating so in the contract. However, the court cannot infer a choice if the parties had no clear intention of making a choice.⁷⁷

In most cases, the choice of law of the parties will cover the whole contract. However, art.3(1) of the Rome I Regulation retains the principle of the Rome Convention 1980 that also allows the parties to select the applicable law for a part of the contract. This may lead to two situations. The parties may have chosen another law that will govern the remainder of the contract,⁷⁸ or they may have made no choice of law at all for the remainder of the contract. The rules to determine the applicable law in the absence of a choice by the parties will apply to the remainder of the contract in the latter situation. And, finally, the parties

⁷⁰ Rome I Regulation art.12.

⁷¹ See E. Ulmer, *Intellectual Property Rights and the Conflict of Laws* (1978), p.86.

⁷² E. Ulmer, *Intellectual Property Rights and the Conflict of Laws* (1978), pp.86–87; see also the decision of the German Bundesgerichtshof of October 21, 1964 [1965] GRUR Int 504. The court will apply the law chosen to the whole contract (unless the parties determine otherwise) and in the way in which it would be applied by the home courts. See the *Amfit-Lizenz* decision of August 29, 2000 of the Swiss Bundesgericht [2001] GRUR Int 477.

⁷³ But it has to be the law of a state. See M. Pertegas, "Cross Border Litigation in Intellectual Property Rights: Choice of Law Rules in IP Rights under the Rome I Regulation" in S. Biariati (ed.), *Litigating Intellectual Property Rights Disputes Cross-border: EU Regulations, ALI Principles, CLIP Project* (Cedam, 2010), p.58.

⁷⁴ Cheshire, North and Fawcett, *Private International Law* (2008), p.689.

⁷⁵ For two examples in a somewhat different legal environment, see judgment of February 1, 1989, Court of Appeal Paris, *Anne Bragance* (1989) 142 RIDA 301 and judgment of March 22, 1993, Tribunal de Grande Instance de Paris, *Claude Bolling* (1993) 157 RIDA 286.

⁷⁶ It is not expected that the word "clearly" that is used in the Regulation will have a different meaning in practice from the concept of "demonstrated with reasonable certainty" that was found in the Convention.

⁷⁷ Giuliano/Lagarde Report on the Convention on the Law Applicable to Contractual Obligations 1980 [1980] OJ C-282/1, at 17.

⁷⁸ On *depeçage* see R. Plender and M. Wilderspin, *The European Private International Law of Obligations*, 3rd edn (Sweet & Maxwell, 2009), pp.154–155. For an example see *Wüttig v International Harvester Corp*, Court of Appeal Paris, November 27, 1986 [1988] 75 Rev. Crit DIP 314. See also the UK cases *Centrax v Citibank NA* [1999] 1 All E.R. (Comm) 557 CA (Civ Div); and *CGU International Insurance Plc v Szabo* [2002] 1 All E.R. (Comm) 83 QBD.

are also free to agree at any time to change the law applicable to the contract, as long as the formal validity of the contract and the rights of third parties are not adversely affected by such a change.⁷⁹

Article 3 does not raise any particular problems for contracts in relation to intellectual property rights.⁸⁰ Accordingly, our analysis will focus on licence contracts which do not contain a choice of law. It would be wrong to conclude that this analysis is concerned with a problem that can only arise in a marginal number of international licence contracts, because a surprisingly large number of these do not contain a choice of law clause, nor do they imply a choice of law by the licensor and the licensee.⁸¹ The main reason for this perhaps surprising fact—after all, most licence contracts are negotiated by experienced lawyers—is simply that the parties were unable to agree on a choice of law. Neither the licensor nor the licensee wants to accept the law of the country of the other party out of prestige or because they do not trust the law proposed by the other party, suspecting that it will contain unpleasant surprises.⁸²

The applicable law in the absence of choice

An attempt to address at least some of the issues that arose in relation to art.4 Rome Convention 1980 has been made in art.4 of the Rome I Regulation. The presumption based approach has been replaced by a list of rules that determine the applicable law for certain types of contract. Article 4(1) refers to the law of the habitual residence of the seller for sale of goods contracts, to the law of the habitual residence of the franchisee for franchise contracts, to the law of the habitual residence of the distributor for distribution contracts, etc. Article 4(2) then deals with all types of contract that are not found in the list and the characteristic performance rule that was established in the Convention is retained for these (without the presumption aspect, though).⁸³ The characteristic performance rule is also applied to those cases where elements of the contract are covered by more than one of the rules of art.4(1). Articles 4(3) and 4(4) then refer to what was art.4(5) in the Convention. There may first of all be an apparent closer connection with another country. The law of that other country will apply if this manifestly closer connection is clear from all the circumstances of the case. And if arts 4(1) and 4(2) do not allow the identification of the applicable law, the law of the country with which the contract is most closely connected offers the ultimate fall-back position. The Regulation therefore works with fixed rules and the characteristic performance for all other contracts, with the closest connection as an escape route. In the absence of formal presumptions the latter should be used sparingly, but in practice its criteria are the same as in the Convention system. Therefore there may not be an enormous change. The insertion of the word “sparingly” in art.4(3) is of course an attempt to go in the other direction and to use the escape clause sparingly,⁸⁴ but the complex nature of intellectual property contracts is likely to undo any such improvement over the old art.4(5).⁸⁵ Copyright assignments can be straightforward “sales”, in which case there should not be a problem, but most of them contain a complex set of mutual obligations, such as is, e.g., the case when the author of a legal text book assigns the copyright to his or her publisher. Those cases are likely to see the escape clause in operation.

The latter is no doubt also helped by the fact that intellectual property contracts do not easily fall within either art.4(1) or art.4(2). The original proposal for a Rome I Regulation contained a specific rule for

⁷⁹ Rome I Regulation art.3(2). See *ISS Machinery Services Ltd v Aeolian Shipping SA (The Aeolian)* [2001] EWCA Civ 1162; [2001] 2 Lloyd's Rep. 641.

⁸⁰ Which is also demonstrated by the fact that the ALI Principles (American Law Institute principles on jurisdiction, recognition of judgments, and applicable law in transnational intellectual property civil disputes) in §315 and the CLIP proposal in art.3:501 straightforwardly copy the approach. (CLIP is the European Max-Planck Group for Conflict of Laws in Intellectual Property; a third draft of its Principles for Conflict of Laws in Intellectual Property can be found at <http://www.cl-ip.eu/> [Accessed April 27, 2012]).

⁸¹ Or assignor and assignee in assignment contracts. On this point, the difference between licences and assignments is irrelevant.

⁸² F.-K. Beier, “When Licensing Laws Conflict” [1983] *Les Nouvelles* 141, 141; and B. von Hoffmann, “Verträge über gewerbliche Schutzrechte im Internationalen Privatrecht” (1976) 40 *RebelsZ* 208, 211.

⁸³ R. Plender and M. Wilderspin, *The European Private International Law of Obligations*, 3rd edn (Sweet & Maxwell, 2009), pp.188 and onwards.

⁸⁴ See J.J. Fawcett, “A United Kingdom Perspective on the Rome I Regulation” in N. Boschiero (ed.), *La Nuova Disciplina Comunitaria della Legge Applicabile ai Contratti (Roma I)* (G. Giappichelli Editore, 2009), p.209.

⁸⁵ Plender and Wilderspin, *The European Private International Law of Obligations* (2009), pp.194 and onwards.

parties is deliberately not addressed here, as the analysis that will follow will make that point superfluous.

⁸⁸ The question whether or not the law violations can be considered to be overriding mandatory rules that override the choice of law was discussed by the Supreme Court in *De Miguel Asensio*. *De Miguel Asensio* (2011) 44 ILM 1006.

December 12, 2002 and the European Parliament Committee on Legal Affairs, Draft Report on the Proposal of April 25, 2000, (adopted by the Committee on the European Communities' Proposal for a Regulation on the Law Applicable to Contractual Obligations) (from

were assigned by their respective authors.⁸⁸

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The complications first arise in the presence of a choice made by the parties to the contract as to the complex nature of many intellectual property contracts' rather than to any deficiency in property contracts because will inevitably be paid to the closest connection escape route. This is in effect will have to be conducted on a case-by-case basis and it is to be expected that for highly complex intellectual determination of the characteristic performance will not be a straightforward affair either. The court found that s. 6(1) sale of goods contracts and are instead very diverse in nature does also mean that although the 'one principle' however, said that the fact intellectual property contracts do not form a monolith it is therefore surprising to see that the specific rule for intellectual property contracts has been created.

characteristic is a contract to buy and distribute a book.⁸⁰ An example of an intellectual property contract where the performances of both parties are essential elements of the licensees' or transferees' principal residence or principal place of business. A second example is the case that the intellectual property rights licensed or assigned are mainly exercised by the licensee (as it is the licensee who accepts the commercial risks linked to the exploitation). In contrast to the proposition that it is the licensor who effects the performance characteristic of the contract, the licensor does not accept any commitment beyond the toleration of use of his rights. This is sometimes substantiated by clauses indicating duration of production or modification of use often include an explicit or implicit duty of the licensee to exploit the intellectual property right—this does not hold true as a general rule. More complex intellectual property transactions exist—an outright sale—such as an assignment or license for consideration in the form of a purchase price or transferor of the intellectual property right might be subcontracted in simple contracts which require no joint action instead of one strict clear-cut rule. Even though the application of the law of the country of origin may vary, the wide variety of contracts relating to intellectual property rights also calls for a different

different in nature" or "as it was but in the CIB Comments: characteristic performance/closer connection context. Intellectual property contracts can affect all the choice for the law of the country of the licensor or assignor could have been justified in all cases. The whole idea of having a special rule for intellectual property contracts. It is also by no means clear mechanism in art.(5) the rules would then have cancelled each other out, but this would have done. In the property context the transcripts' etc. would have been the licensee rather than the licensor. On the rules in art.(1) as a result of the overlap. The rules would then also have clashed, as in an intellectual property context intellectual property components and there would have been a conflict between the clear definition of what was an intellectual property contract. Plenty of transcript and distribution contracts. Licensor or assignor. With the colleagues from CIB we agreed that this rule was unusual. There intellectual property contracts in art.(1) and this would have led to the application of the law

Reversionary Copyright: A Ghost of the Past or a Current Trap to Assignments of Copyright

Which classification is to be retained?

While there is no explicit rule in English law that corresponds to the Spanish provision that specifies that characterisation or clarification is a matter for the law of the forum, the same conclusion applies in English private international law.⁸⁹

The trap rules can therefore potentially be classified as being part of the category of the “right as such” or they can be given a contractual classification. Inside the former category they can be classified as relating to term or to transferability. Having seen also the choice of law implications of each of these classifications, the time has come to analyse which classification is to be retained for the trap provisions.

A contractual classification would allow full respect for the will of the parties that wanted an assignment for the duration of the copyright, but it would disregard the strong desire of the legislator in Spain and the United Kingdom at some stage to put in place safeguards. But it will not be necessary to examine whether these trap rules are overriding mandatory rules. Suffice it to point out as a starting point that the Spanish Law of 1879 does not put the trap provision in an article dealing with copyright contracts. Instead the article deals with the term of copyright and the fact that it can be transmitted to the heirs of the author. It then adds that the right is also transmissible “inter vivos”, i.e. during the life of the author he or she can assign the copyright by contract. That assignment is seen as a sale and the term of the right acquired by the assignee is said to be the same as the term of copyright from which the author benefited. The trap provision provides an exception if the author had heirs. Then a reversionary copyright is installed through which the copyright reverts for the last 55 years of the term of life of the author plus 80 years to the heirs. The contractual side of the assignment deals with the determination of the rights and duties of the parties and the transfer of proprietary rights. The trap provision does not give any party to the assignment any right and neither does it impose any duty on either of them. It operates independently and irrespective of the rights and duties which the parties set out for themselves in the assignment contract. The reversionary copyright is also unrelated to the transfer of the rights. The transfer is not affected and is regulated freely by the parties. It is only in the scenario where there are heirs that the trap provision comes into operation and it only does so 25 years after the death of the author. It does therefore not affect that transfer of the rights as the main object of the assignment contract at the time of its conclusion.

Similarly, the UK provision is found in s.5 of the Copyright Act 1911. That section deals with the ownership of copyright, follows on from a section dealing with term and is part of a larger section dealing with “rights”. Again, copyright contracts and the determination of the rights and duties of the parties and the transfer of proprietary rights are clearly not the focus of the relevant section.

In terms of classification for the purposes of private international law in general and choice of law in particular that must mean that the focus is on the “right as such” and that a contractual classification must clearly be rejected, despite the obvious advantages it might have had in terms of the practical result of the application of the contract choice of law rules. Instead the trap rule must be classified as part of the category of the “right as such”. And inside that category a term-related classification must also be rejected. The provisions are found in the context of the extension of the term of copyright, but the safeguard (or trap) they put in place is not a reduction of the term of copyright protection. They leave the term of copyright untouched. Instead the tool of the reversionary copyright is used, but in practice it operates in a way that the copyright with the longer term that is held to be assignable is given an additional characteristic as part of its “right”. That additional characteristic is that the copyright is not transferable beyond the 25-year period after the death of the author. It is then the logical conclusion that the right reverts to the heirs of the author (the author himself or herself is by definition no longer alive). That also explains why both the Spanish and the UK provisions in their original format did not allow the parties and their contract any

⁸⁹ See Cheshire, North and Fawcett, *Private International Law* (2008), pp.43 and onwards. For present purposes the delicate (or unfortunate) implications of *Ogden v Ogden* [1908] p. 46 CA regarding the characterisation of a foreign rule can be left to one side, as such issues do not arise in a copyright assignment context.

freedom on this point. We are dealing here with an aspect of the right as such and in the absence of transferability on this point we never get to the assignment contract which the parties have concluded. The contract cannot transfer what is not transferable and has therefore no relevance.

Conclusion

It has become clear that the trap provisions need to be classified for choice of law purposes as being part of the category of the "right as such" and, more specifically, as an issue of transferability.⁹⁰ That leads to the application through the corresponding choice of law rule of the law of the country for which protection is sought. When the assignee or the heir of the author wants or needs to rely on their copyright in Spain or the United Kingdom respectively and the assignment comes within the temporal scope of the trap provision (as provided for in the transition measures) the respective trap provision will become applicable as part of the applicable law. Spain or the United Kingdom respectively is then the country for which protection is sought and whose national law is applied inevitably. The international copyright treaties and their territorial approach leave no room on this point for another solution or another choice of law rule.

A contractual classification is not possible. And in the absence of such a classification one never even gets to the law applicable to the contract or assignment on this point. The transfer can only cover what is transferable and the trap provision has already imposed its safeguard at the stage of transferability.

Whichever law the parties may have chosen for their contract, the relevant contracts will be affected by the trap provisions in the United Kingdom and in Spain and their effects will be felt for quite some years to come. The trap will indeed continue to open itself whenever the 25-year period after the life of the author expires.⁹¹ Assignees may be caught unaware and may no longer own the rights they thought they had legitimately acquired for the life of the copyright by contract. New contracts with the heirs may therefore be required.

⁹⁰ This corresponds to the classification given to it from a substantive law point of view by the Court of Appeal in *Crosstown Music Co I LLC v Rive Droite Music Ltd, Mark Taylor and Paul Barry* [2010] EWCA Civ 1222; [2012] Ch. 68 at [37] per Mummery L.J.

⁹¹ Unless for the UK the author assigned the reversionary copyright after the entry into force of the Copyright Act 1956; see *Novello v Keith Prowse* [2004] EWCA Civ 1776; [2005] R.P.C. 23.